

## Ordinance No. 79403

AN ORDINANCE relating to the City Employees Retirement System and amending Ordinance No. 78444 so as to increase certain service and disability retirement allowances, fix a minimum rate of contribution and provide for payment of interest on suspended retirement allowances.

10-26-50. press

## Council Bill No.

|                                    |   |
|------------------------------------|---|
| INTRODUCED:<br>OCT 23 1950         | BY: LEVINE                              |
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| VOL. R-2 PAGE 423                  | m. D. ✓                                 |
| COMPARSED BY:                      |   |

ORDINANCE NO. 78403

AN ORDINANCE relating to the City Employees Retirement System and amending Ordinance No. 78444 so as to increase certain service and disability retirement allowances, fix a minimum rate of contribution and provide for payment of interest on suspended retirement allowances.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. That Section 2 of Ordinance No. 78444 entitled:

"AN ORDINANCE providing for a retirement and pension system for superannuated and disabled officers and employees of the City of Seattle, and for a system of death benefits; prescribing the conditions under which retirement allowances and death benefits shall be paid; fixing rates of contribution and death benefit assessments and providing for the adjustment thereof; providing for the financing and administration of said systems, and superseding and repealing Ordinance No. 57075 and ordinances in conflict herewith."

approved November 23, 1949 be amended to add thereto a new subsection designated "(bb)" to read as follows:

Section 2 (bb). "Basic Pension" shall mean the annuity derived from normal contributions of members; the pension derived from matching contributions of the City and the pension for prior service, if any.

Section 2. That Section 5 of said ordinance be amended to read as follows:

Section 5. (a) The normal rates of contributions of members shall be those adopted by the Board of Administration subject to the approval of the City Council, and for the first five-year period such rates shall be based on sex and on age of entry into the Retirement System, which age shall be the age at the birthday nearest the time of entry into the system. The rates so adopted shall remain in full force and effect until revised or changed by the Board of Administration in the manner provided in Section 7 of this ordinance. For new members entering the Retirement System, the normal rates of contributions shall be fixed as follows: For ages under thirty-two years, they shall be calculated so as to produce, as near as may be, at age sixty-two a sum sufficient to purchase one-half of a retirement allowance of 50% of final compensation. For ages thirty-two and over, they shall be calculated so as to produce, as near as may be, at age sixty-two a sum sufficient to purchase one-half of a retirement allowance of 1-2/3% of final

compensation, multiplied by the number of years of service of a member. Each present member shall contribute on the basis of his age at entry or re-entry into the Retirement System at the rate fixed for a new member of corresponding age: Provided that the normal rate established for age sixty-one shall be the rate for any member who has attained a greater age before entrance into the Retirement System, and effective January 1, 1951 and notwithstanding the formula indicated above the lowest rate of contribution is fixed at five percent (5%).

(b) Subject to the provisions of this ordinance, the Board of Administration shall adopt rules and regulations governing the making of deductions from the compensation of employees and shall certify to the head of each office or department the normal rate of contribution for each member provided for in subdivision (a) of this section. The head of each department shall apply such rate of contribution to so much of the compensation of a member exclusive of overtime as does not exceed Five Hundred (\$500.00) Dollars per month, and shall certify to the City Comptroller on each and every pay roll the amount to be contributed and shall furnish immediately to the Board a copy of each and every pay roll; and each of said amounts shall be deducted by the City Comptroller and shall be paid into the Retirement Fund, hereinafter provided for, and shall be credited by the Board together with regular interest to an individual account of the member for whom the contribution was made.

Every member shall be deemed to consent and agree to the contribution made and provided for herein, and shall receipt in full for his salary or compensation. Payment less said contributions shall be a full and complete discharge of all claims and demands whatsoever for the service rendered by such person during the period covered by such payment, except his claim to the benefits to which he may be entitled under the provisions of this ordinance.

(c) The City shall match the normal contributions of members and

the Board shall determine the amount of normal contributions to be matched each month and shall notify the proper authorities when such matching contributions are due and payable. The proper authorities shall then provide for payment of such matching contributions into the Retirement Fund at the earliest time possible.

(d) Any member may elect to contribute at rates in excess of those provided for in subdivision (a) of this Section, for the purpose of providing additional benefits, but the exercise of this privilege by a member shall not place on the City any additional financial obligation. The Board of Administration shall have authority to fix the rate of interest to be paid or allowed upon such additional contributions and to from time to time make any necessary changes in said interest rate. Said Board, upon application, shall furnish to a member information concerning the nature and amount of additional contributions.

Section 3. That Section 14 of said ordinance be amended to read as follows:

Section 14. (a) A member, upon retirement for service, shall receive Retirement Allowance subject to the provisions of paragraph (b) of this section, which shall consist of:

(1) An annuity which shall be the actuarial equivalent of his accumulated contributions at the time of his retirement; and

(2) A pension purchased by the contributions of the City, equal to the annuity purchased by the accumulated normal contributions of the member.

(3) For any member having credit for prior service, an additional pension purchased by the contributions of the City equal to one and one-third ( $1\frac{1}{3}$ ) per cent of the final compensation multiplied by the number of years of prior service credited to said member, if total prior service credit at such rate shall amount to sixteen and two-thirds ( $16\frac{2}{3}$ ) per cent or more of final compensation; if such total prior service credit shall not equal sixteen and two-thirds ( $16\frac{2}{3}$ ) per cent of final compensation such additional pension shall be increased by one-third of one per cent of

final compensation, multiplied by the number of years of prior service credited to said member for the period between July 1, 1919, and July 1, 1929, but such prior service credit for said member shall not exceed a total of sixteen and two-thirds (16-2/3) per cent of final compensation; Provided, further, that if a member shall retire before attaining the age of sixty-two (62) years the total additional pension computed as above shall be reduced by the following percentages:

|                     |        |
|---------------------|--------|
| At age 61 . . . . . | 6.48%  |
| At age 60 . . . . . | 12.48% |
| At age 59 . . . . . | 18.02% |
| At age 58 . . . . . | 23.12% |
| At age 57 . . . . . | 27.85% |
| At age 56 . . . . . | 32.12% |
| At age 55 . . . . . | 36.18% |
| At age 54 . . . . . | 39.92% |
| At age 53 . . . . . | 43.38% |
| At age 52 . . . . . | 46.52% |
| At age 51 . . . . . | 49.52% |
| At age 50 . . . . . | 52.30% |

Appropriate reductions shall be made in cases of retirement, under age fifty (50) consistent with the above schedule.

(b) If at the time of retirement of a member the accumulated normal contributions of the member and equal accumulated contributions of the City, plus credit for prior service, all as provided in this ordinance, will provide a retirement allowance in excess of one-half of final compensation, then the retirement allowance of the member shall be limited to one-half of final compensation, allowing full credit for prior service as provided in this ordinance and applying accumulated normal contributions of the member and of the City in equal amounts to make up the one-half of final compensation. Any residue of the accumulated normal contributions of the member over the amount so applied shall be considered as accumulated additional contributions and shall be subject to such rules as the Board of

Administration may have adopted governing the same. Any residue of the accumulated contributions of the City over the amount so applied shall remain in the Retirement Fund to apply on the City's obligations to said Fund.

(c) Beginning January 1, 1951 each member retired for service prior to that date and who shall have attained the age of sixty (60) years or over and who is receiving less than One Hundred Dollars (\$100.00) per month shall receive an increase of Ten Dollars (\$10.00) per month, purchased by contributions of the City, limited to a total of One Hundred Dollars (\$100.00) per month and subject to sub-section (g) of this section. Each member retired for service prior to January 1, 1951 who has not yet attained the age of sixty (60) years shall receive the Ten Dollars (\$10.00) per month increase effective on the first of the month following that in which he attains age sixty (60). Said Ten Dollars (\$10.00) per month increase shall not be subject to sub-section (b) of this section.

(d) For members retiring for service subsequent to January 1, 1951 there is established the following scale of minimum retirement allowances, subject to sub-section (g) of this section and subject to the member being sixty (60) years of age or over and having at least ten (10) years of creditable service. The amounts shown in the scale shall be subject to pro rata adjustments for service and/or age but for half-year fractions only.

|          |        | <u>Length of Service in Years</u> |       |       |       |       |       |       |       |       |       |
|----------|--------|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Attained | Age 10 | 11                                | 12    | 13    | 14    | 15    | 16    | 17    | 18    | 19    | 20    |
| 65       | 50.00  | 50.00                             | 50.00 | 50.00 | 50.00 | 50.25 | 53.60 | 56.95 | 60.30 | 63.65 | 67.00 |
| 64       | 43.75  | 48.25                             | 50.00 | 50.00 | 50.00 | 50.00 | 52.00 | 55.25 | 58.50 | 61.75 | 65.00 |
| 63       | 37.50  | 41.25                             | 45.00 | 48.75 | 50.00 | 50.00 | 50.40 | 53.55 | 56.70 | 59.85 | 63.00 |
| 62       | 31.25  | 34.35                             | 37.50 | 40.60 | 43.75 | 46.85 | 48.80 | 51.85 | 54.90 | 57.95 | 61.00 |
| 61       | 29.50  | 32.45                             | 35.40 | 38.35 | 41.30 | 44.25 | 47.20 | 50.15 | 53.10 | 56.05 | 59.00 |
| 60       | 28.50  | 31.45                             | 34.20 | 37.05 | 39.90 | 42.75 | 45.60 | 48.45 | 51.30 | 54.15 | 57.00 |

The pension payable over and above the basic pension shall be purchased by contributions of the City.

(e) For members retiring for service subsequent to January 1, 1951 there is established the following "dollar" scale which may be used in fixing the amount of a service retirement allowance but when used the allowance indicated shall not be in excess of One Hundred Dollars (\$100.00) per month which shall be subject to sub-section (g) of this section but shall not be subject to the limitation of one-half of final compensation specified in sub-section (b) hereof. The pension payable over and above the basic pension shall be purchased by contributions of the City.

For Each Year of Creditable Service

\$3.35 for each year at age 65 or over  
3.25 for each year at age 64  
3.15 for each year at age 63  
3.05 for each year at age 62  
2.95 for each year at age 61  
2.85 for each year at age 60

(f) For members retiring for service subsequent to January 1, 1951 there is established the following "percentage" scale which may be used in fixing the amount of a service retirement allowance but its use shall not add more than Thirty Dollars (\$30.00) per month to the basic pension. Use of this scale is subject to sub-section (g) of this section and to sub-section (b) except where final compensation is Two Hundred Dollars (\$200.00) per month or less. The pension payable over and above the basic pension shall be purchased by contributions of the City.

For Each Year of Creditable Service

.01666 of final compensation at age 65 or over  
.01613 of final compensation at age 64  
.01563 of final compensation at age 63  
.01515 of final compensation at age 62  
.01471 of final compensation at age 61  
.01429 of final compensation at age 60

The application of the scales established in Sub-sections (d), (e) and (f) of this section shall be at the option of the members.

(g) Any member who has heretofore elected or who may hereafter elect to receive one of the options provided for in Section 18 of this

ordinance and whose retirement allowance will be increased by the foregoing provisions, shall receive only the proper actuarial equivalent of such increase.

Section 4. That Section 16 of said ordinance be amended to read as follows:

Section 16. (a) Upon retirement for disability, as hereinabove provided, provided the disability is not due to intemperance, willful misconduct or violation of law, of which the Board shall be the judge, a member shall receive a retirement allowance calculated as follows:

Three and 35/100 Dollars (\$3.35) for each year of creditable service limited to a maximum of One Hundred Dollars (\$100.00) per month on this basis; otherwise, one and one-fourth (1-1/4) per centum of final compensation multiplied by years of creditable service, if such retirement allowance exceeds thirty (30) per centum of his final compensation and is not less than Seventy Dollars (\$70.00) per month; otherwise one and one-fourth (1-1/4) per centum of final compensation multiplied by years of service which would be creditable to him were his services to continue until attainment of age sixty-two (62) but such retirement allowance shall not exceed thirty (30) per centum of such final compensation except where such thirty (30) per centum is less than Seventy Dollars (\$70.00) per month, then the member shall receive the minimum disability retirement allowance of Seventy Dollars (\$70.00) per month; provided, that no disability retirement allowance, exclusive of any annuity provided by additional contributions, shall exceed fifty (50) per centum of final compensation except when such final compensation is less than Two Hundred Dollars (\$200.00) per month in which case the retirement allowance may not exceed One Hundred Dollars (\$100.00) per month.

The retirement allowance as above calculated shall consist of:

(1) An annuity which shall be the actuarial equivalent of the member's accumulated normal contributions.



(2) A pension which shall be the actuarial equivalent of the City's matching contributions.

(3) A pension for prior service, if any, calculated at the rate of one and one-fourth (1-1/4) per centum of final compensation for each year of prior service, which shall be provided by contributions of the city.

(4) An additional pension, provided by contributions of the City, should the calculation of the allowance show that (1), (2) and (3) above are not enough to produce the retirement allowance indicated.

(5) When use of proper annuity and pension rates results in a retirement allowance amounting to more than would be realized by adherence to the formula indicated in sub-section (a) of this section the Board shall allow the higher amount.

(b) The disability retirement allowances of all members retired for disability prior to January 1, 1951, and who are receiving less than One Hundred Dollars (\$100.00) per month shall on January 1, 1951, be raised Ten Dollars (\$10.00) per month, limited to a total allowance of One Hundred Dollars (\$100.00) per month.

(c) If disability is due to intemperance, willful misconduct or violation of law, on the part of the member, the Board of Administration, in its discretion, may pay to said member, in one lump sum his accumulated contributions, in lieu of a retirement allowance, and such payment shall constitute full satisfaction of all obligations of the City to such member, and upon receipt of such payment he shall cease to be a member of the System.

(d) Upon the death of a member while in receipt of a disability retirement allowance, his accumulated contributions, as they were at the date of his retirement, less any annuity payments made to him, shall be paid to his estate, or to such persons having an insurable interest in his life as he shall have nominated by written designation duly executed

and filed with the Board,

Section 5. That Section 19 of said ordinance be amended to read as follows:

Section 19. (a) Upon the death of any person who has not been retired, pursuant to the provisions of this ordinance, there shall be paid to his estate, or to such persons having an insurable interest in his life as hereinabove defined, as he shall have nominated by written designation duly executed and filed with the Board, his accumulated contributions less any payments therefrom already made to him. Such payment may be made in one lump sum or may be paid in installments over a period of not to exceed five years, as may be designated by the member or his beneficiary, with such rate of interest as may be determined by the Board.

(b) Upon the death of any member who has not retired but who, as of the date of death, was eligible for service retirement, and who has elected the spouse as beneficiary, a retirement allowance equal to that which would have been derived from basic pension only under Option "E", had he selected such option and retired on the day of his death, shall be paid the spouse upon election by such spouse of this benefit in lieu of benefits under Section 19 (a). The spouse may, however, elect to receive in lieu of either the above retirement allowance or the benefits under Section 19 (a), a lesser retirement allowance to cease at her death and in addition a cash payment not to exceed one-half of the deceased member's accumulated normal contributions. However, such withdrawal shall not serve to reduce such lesser retirement allowance except by the amount of annuity which such withdrawal would have purchased.

Section 6. That Section 23 of said ordinance be amended to read as follows:

Section 23. The payment of any retirement allowance to a member who has been retired from service shall be suspended during the time that the beneficiary is in receipt of other pension, or of other compensation received by the beneficiary for service to the State of Washington, any

municipal corporation, or other public service thereof paid from, direct or indirect, State or municipal taxes or revenues, or revenues of publicly owned utilities, except as to the amount by which such retirement allowance may exceed such pension or other compensation for the same period. Effective January 1, 1951 the Board shall, however, pay interest annually on normal contributions remaining in such suspended allowances at a rate one quarter of one percent lower than the current rate applying to normal contributions. Interest shall first be paid for the fiscal year 1950. Such interest payment shall be applicable alike to the accumulated contributions of members whose retirement allowance is calculated and suspended under Section 4 (f) of this ordinance.

(To be used for all Ordinances except Emergency.)

Section 7. This ordinance shall take effect and be in force thirty days from and after its passage and approval, if approved by the Mayor; otherwise it shall take effect at the time it shall become a law under the provisions of the city charter.

Passed the City Council the 30 day of October, 1950,  
and signed by me in open session in authentication of its passage this 30 day of  
October, 1950. Robert H. Pearson  
President.....of the City Council.

Approved by me this 2 day of November, 1950,  
W. G. Perkins  
Mayor.

Filed by me this 2 day of November, 1950

Attest: Nashomas  
City Comptroller and Ex-Officio City Clerk.

By: W. G. Perkins  
Deputy Clerk.

(SEAL)

Published.....  
City Comptroller and Ex-Officio City Clerk.

By.....  
Deputy Clerk.

LAH CO. 12-12-54

## CITY OF SEATTLE

BOARD OF ADMINISTRATION  
CITY EMPLOYEES' RETIREMENT SYSTEM  
ROOM 300, COUNTY-CITY BUILDING  
SEATTLE 4, WASHINGTON

CHAS. T. OLIVER  
EXECUTIVE SECRETARY

October 20, 1950

To The Honorable City Council,  
Seattle, Washington

Attention: Mr. David Levine

Madam and Gentlemen:

Transmitted herewith is a proposed ordinance, prepared by the Corporation Counsel and approved by the Board of Administration, which amends Ordinance 78444 (The Retirement System Ordinance) in the several instances listed below; however, the whole program of changes was agreed to by all interested parties on May 31, 1950:

1. It increases retirement allowances of present pensioners who are receiving less than \$100.00 per month by \$10.00 per month and this includes both service and disability pensioners.

2. It establishes several graduated scales for use in fixing the amount of a retirement allowance and guaranteeing certain minimum amounts. The basic consideration in these scales is the premise that employees with thirty or more years of service who are compulsorily retired after age 65 shall not receive less than \$100.00 per month and that disability pensioners having thirty or more years of service shall not receive less than \$100.00 per month regardless of age.

3. It establishes a \$70.00 per month minimum disability retirement allowance replacing the present \$60.00 per month. It also guarantees \$3.35 for each year of service for disability pensioners but any allowance granted on such a base must not exceed \$100.00 per month.

4. It establishes a 5% minimum rate of contribution. This will allow persons entering city service at an early age to receive a larger retirement allowance earlier than would be possible under the present system.

5. It makes it mandatory for the Board to pay interest on accumulated normal contributions remaining in allowances suspended due to continued service to the City or to other governmental divisions of the State.

The original copy of the proposed ordinance transmitted herewith calls attention to the amendments by underlining the new provisions.

The Board of Administration respectfully requests introduction of the ordinance at the earliest time possible.

Respectfully submitted,  
BOARD OF ADMINISTRATION

BY Chas. T. Oliver  
Executive Secretary

CTO:jb